

Annual Financial Statements

for

**ULUNDI LOCAL MUNICIPALITY**

for the year ended 30 June:

**2012**

Province:

**KwaZulu-Natal**

**Contact Information:**

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**ULUNDI LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**General information**

**Members of the Council**

Councillor N.J. Manana (f)	<b>Her Worship the Mayor</b>
Councillor W.M. Ntshangase (m)	<b>Honourable Deputy Mayor</b>
Councillor H.J. Mlambo (m)	<b>Honourable Speaker</b>
Councillor J.T. Gase (m)	<b>Member of the Executive Committee</b>
Councillor R.V. Sibya (m)	<b>Member of the Executive Committee</b>
Councillor L.N.Z. Buthelezi (f)	<b>Member of the Executive Committee</b>
Councillor S.R. Shwala (m)	<b>Member of the Executive Committee</b>
Councillor G.N. Mtshali (f)	<b>Member of the Executive Committee</b>
Councillor K.P. Ngema (m)	<b>Member of the Executive Committee</b>
Councillor M.S. Gcaba (m)	<b>Member of the Executive Committee</b>

**Ordinary Council Members**

Councillor B.S. Khanyile (m)	Councillor R.B. Nyawo (m)
Councillor F.L. Buthelezi (m)	Councillor S.M. Buthelezi (m)
Councillor H.M. Kubheka (m)	Councillor S.N. Buthelezi (m)
Councillor J.E. Xulu (m)	Councillor S.P. Ximba (f)
Councillor J.M. Khanyile (m)	Councillor S.V. Mdluli (m)
Councillor J.S. Mhlongo (m)	Councillor S.V. Ngcobo (m)
Councillor K.J. Sibya (m)	Councillor S.Z. Mkhize (m)
Councillor K.M. Sithole (m)	Councillor T.J. Manqele (f)
Councillor M. Mdialose (m)	Councillor T.K. Mkhize (m)
Councillor M.E. Buthelezi (m)	Councillor T.L. Khumalo (f)
Councillor M.J. Luthuli (m)	Councillor V.E. Zungu (m)
Councillor M.M. Mpungose (m)	Councillor W.T. Ndebele (m)
Councillor M.S. Buthelezi (m)	Councillor Z. Siyaya (f)
Councillor M.T. Gasa (m)	Councillor Z.L. Buthelezi (m)
Councillor M.Z.B. Ndwendwe (m)	Councillor M.W. Sithole (m)
Councillor N.D. Masondo (m)	Councillor N.Z. Ncala (m)
Councillor Prince N.M. Buthelezi (m)	Councillor P.M. Mthethwa (m)
Councillor V.P. Langa (m)	Councillor S.F. Cindi (f)

**Grading of Local Authority**

**Low Capacity**

**Auditors**

**Auditor-General South Africa**

**Bankers**

**First National Bank**

**ULUNDI LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**General information (continued)**

**Registered Office:** Cnr Princess Magogo & King Zwelithini Roads, Ulundi

**Physical address:** Cnr Princess Magogo & King Zwelithini street,  
Ulundi,  
3838

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Ulundi  
3838

**Telephone number:** +27 35 874 5100 +27 35 874 5800

**Fax number:** +27 35 870 3506

**E-mail address:** [Info@ulundi.co.za](mailto:Info@ulundi.co.za)

**ULUNDI LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**Approval of annual financial statements**

I am responsible for the preparation of these annual financial statements, which are set out on pages x to x, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.  
I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 27 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Municipal Manager: Princess SA Buthelezi

**DATE** 10/07/2012

**ULUNDI LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

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ULUNDI LOCAL MUNICIPALITY						
Annual Financial Statements						
STATEMENT OF FINANCIAL POSITION						
as at 30 June 2012						
				Note	2012	2011
						Restated
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents			1	1 047 420	497 667	
Trade and other receivables from exchange transactions			2	8 919 523	72 412 444	
Other receivables from non-exchange transactions			4	469 151	857 452	
Inventories			5	977 010	1 281 200	
Prepayments			6	-	279 244	
Current portion of receivables			8	-	35 572	
VAT receivable			13	4 109 736	3 368 742	
<b>Non-current assets</b>						
Investments			7	-	140 000	
Property, plant and equipment			9	486 284 158	471 388 966	
Investment property			10	243 368 000	244 149 000	
<b>Total assets</b>				<b>745 174 998</b>	<b>794 410 287</b>	
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Trade and other payables from exchange transactions			11	52 539 070	42 792 206	
Consumer deposits			12	1 485 904	1 369 288	
VAT payable			13	-	-	
Current provisions			14	666 544	635 408	
Current portion of unspent conditional grants and recei			15	11 917 003	5 216 037	
Current portion of borrowings			17		540 420	
Current portion of finance lease liability			18	285 948	270 031	
<b>Non-current liabilities</b>						
Non-current borrowings			19	-	285 948	
<b>Total liabilities</b>				<b>66 894 469</b>	<b>51 109 338</b>	
<b>Net assets</b>				<b>678 280 529</b>	<b>743 300 949</b>	
<b>NET ASSETS</b>						
Reserves				419 694 079	338 096 075	
Accumulated surplus / (deficit)				258 586 450	405 204 874	
<b>Total net assets</b>				<b>678 280 529</b>	<b>743 300 949</b>	

ULUNDI LOCAL MUNICIPALITY					
STATEMENT OF FINANCIAL PERFORMANCE					
for the year ending 30 June 2012					
		Note	2012	2011	Restated
<b>Revenue</b>					
Property rates	19		20 776 767	18 543 920	
Property rates - penalties imposed and collection charg	19		8 017 621	7 865 654	
Service charges	20		39 002 901	37 621 006	
Rental of facilities and equipment	21		692 010	385 515	
Interest earned - external investments	22		113 542	413 739	
Fines			1 383 471	678 249	
Licences and permits			2 282 460	1 638 240	
Government grants and subsidies	23		92 101 509	84 810 628	
Other income	24		3 438 219	4 380 298	
<b>Total Revenue</b>			<b>167 808 500</b>	<b>156 337 249</b>	
<b>Expenses</b>					
Employee related costs	25		58 467 193	51 090 040	
Remuneration of councillors	26		10 443 449	9 080 984	
Bad debts			709 088	-	
Provision for Impairment of Trade Debtors			61 141 873	-	
Depreciation and amortisation expense	27		156 907 199	66 532 535	
Repairs and maintenance			5 672 567	5 774 136	
Finance costs	28		71 072	106 921	
Bulk purchases	29		44 916 039	33 897 823	
Contracted services	30		20 717 637	16 503 250	
Grants and subsidies paid					
General expenses	31		19 118 391	18 489 181	
<b>Total Expenses</b>			<b>378 164 508</b>	<b>201 474 870</b>	
Gain / (loss) on sale of assets	32		695 069	209 642	
Change in Accounting Estimate	34		1 196 715	1 849 354	
<b>Surplus / (deficit) for the period</b>			<b>(208 464 224)</b>	<b>(43 078 625)</b>	

**ULUNDI LOCAL MUNICIPALITY**  
**Annual Financial Statements**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**as at 30 June 2012**

	Revaluation Reserve	Accumulated Surplus/(Deficit)	Total: Net Assets
Balance at 30 June			
Prior year expenditure adjustment			
Debtor - MIG written back			
<b>Adjusted balance at 30 June 2011</b>	<b>338 096 075</b>	<b>405 204 874</b>	<b>743 300 949</b>
Revaluation of assets			
Transfer Depreciation on revalued assets			
Surplus / (deficit) for the period			
<b>Balance at 30 June</b>	<b>419 694 078</b>	<b>258 586 451</b>	<b>678 280 529</b>

**ULUNDI LOCAL MUNICIPALITY**  
**Annual Financial Statements**  
**CASH FLOW STATEMENT**  
**as at 30 June 2012**

	Note	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Receipts from Customers		177 296 664	149 140 606
Cash paid to suppliers and employees		149 213 029	114 718 920
		<u>28 083 635</u>	<u>34 421 686</u>
Interest received		113 542	413 739
Interest paid		(71 072)	(37 903)
<b>Net cash flows from operating activities</b>	35	<b>28 126 105</b>	<b>34 797 522</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets (PPE)		(28 358 585)	(37 049 231)
Proceeds from sale of fixed assets		1 476 069	509 642
Proceeds from sale of investments			
Purchase of intangibles			
Decrease/(Increase) in Loans and receivables			
<b>Net cash flows from investing activities</b>		<b>(26 882 516)</b>	<b>(36 539 589)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loans raises/ (repaid)			
Increase/(decrease) in consumer deposits		116 616	109 400
Increase/(decrease) in bank overdraft			(99 596)
Repayment of finance lease liability		(270 032)	(384 068)
Decrease in long term liability		(540 420)	
<b>Net cash flows from financing activities</b>		<b>(693 836)</b>	<b>(374 264)</b>
<b>Net increase / (decrease) in net cash and cash equivalents</b>		<b>549 753</b>	<b>(2 116 331)</b>
<b>Net cash and cash equivalents at beginning of period</b>		<b>497 667</b>	<b>2 613 997</b>
<b>Net cash and cash equivalents at end of period</b>	36	<b>1 047 420</b>	<b>497 666</b>

**ULUNDI LOCAL MUNICIPALITY**  
**Annual Financial Statements**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**for the year ending 30 June 2012**

**1 BASIS OF ACCOUNTING**

**1.1 BASIS OF PRESENTATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

**1.2 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

**1.3 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

**1.4 COMPARATIVE INFORMATION**

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has

**1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 8 Interest in Joint Ventures - issued August 2006  
GRAP 18 Segment Reporting - issued March 2005  
GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008  
GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007  
GRAP 103 Heritage Assets - issued July 2008

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

IAS 19 Employee Benefits - effective 1 January 2009  
IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2009

## 2 PROPERTY, PLANT AND EQUIPMENT

### 2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

### 2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

### 2.3 SUBSEQUENT MEASUREMENT -REVALUATION MODEL (LAND, BUILDINGS, and other infrastructure)

Subsequent to initial recognition, land, buildings, and other infrastructure assets are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Land is not depreciated as it is deemed to have an indefinite useful life.

#### 2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets *or state other method used, e.g. production-unit- or diminishing balance method*. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure	Other	
Roads and Paving	Buildings	30.00
Pedestrian Malls	Air Conditioners	7.00
Electricity	Vehicles and tractors	7.00
Water	Office equipment	5.00
Sewerage	Furniture and fittings	10.00
	Watercraft	
Community	Machinery and Equipment	7.00
Buildings	Tools	5.00
Recreational Facilities	Radio	5.00
	Computer equipment	3.00

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

2.5 The municipality tests for impairment where there is an indication that an asset may be impaired. An item of Property, plant and equipment are derecognised when the asset is disposed of or when there

### 3 INTANGIBLE ASSETS

#### 3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

#### 3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

#### 3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

#### 3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### 3 INVESTMENT PROPERTY

#### 3.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Investment property

#### 3.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

### 4 NON-CURRENT ASSETS HELD FOR SALE

#### 4.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

#### 4.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

#### 4 INVENTORIES

##### 4.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

##### 4.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method OR the weighted average method.

#### 5 FINANCIAL INSTRUMENTS

##### 5.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

##### 5.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

###### 5.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

#### **5.2.2 TRADE AND OTHER RECEIVABLES**

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

#### **5.2.3 TRADE PAYABLES AND BORROWINGS**

Financial liabilities consist of trade payables and borrowings. They are categorised as financial

#### **6.2.4 CASH AND CASH EQUIVALENTS**

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are

## **6 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## **7 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## **8 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## **9 PROVISIONS**

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- the principal locations affected;  
the location, function, and approximate number of employees who will be compensated for terminating their services;  
- the expenditures that will be undertaken; and  
- when the plan will be implemented; and

(a) The municipality has a detailed formal plan for the restructuring identifying at least:  
- the business or part of a business concerned;  
the principal locations affected;  
the location, function, and approximate number of employees who will be compensated for terminating their services;  
- the expenditures that will be undertaken; and  
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

## 10 LEASES

### 10.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

## 11 REVENUE

### 11.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

## 11.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

## 11.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

## 12 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

## 13 CONSTRUCTION CONTRACTS AND RECEIVABLES

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by [the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs OR surveys of work done OR completion of a physical proportion of the contract work].

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

## 14 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

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	Note	2012	2011
<b>1 CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents consist of the following:			
Cash on hand		1 000	1 000
Cash at bank		916 567	362 139
Call deposits		129 853	134 528
		<u>1 047 420</u>	<u>497 667</u>
Bank overdraft included in above			
The Municipality has the following bank accounts: -		<u>1 047 420</u>	<u>497 667</u>
<u><b>Current Account (Primary Bank Account)</b></u>			
First National Bank - Ulundi: 62035267609			
Cash book balance at beginning of year		352 166	(99 596)
Cash book balance at end of year		<u>911 567</u>	<u>352 166</u>
Bank statement balance at beginning of year		324 211	800 983
Bank statement balance at end of year		<u>461 917</u>	<u>324 211</u>
<u><b>Current Account (Other Account)</b></u>			
First National Bank - Westville Branch: 6208925531			
Cash book balance at beginning of year			
Cash book balance at end of year		-	8 383
Bank statement balance at beginning of year			
Bank statement balance at end of year		-	8 383
This account was opened to administer receipts and payments for			
<u><b>Current Account (Salaries)</b></u>			
First National Bank - Ulundi Branch: 62033363/848			
Cash book balance at beginning of year		1 590	9 650
Cash book balance at end of year		<u>5 000</u>	<u>1 590</u>
Bank statement balance at beginning of year		1 590	9 650
Bank statement balance at end of year		<u>5 000</u>	<u>1 590</u>
<u><b>Credit Card account ( Petrol purchases)</b></u>			
First National Bank - 8812710030007004			
Short term deposits			
Deposits on call with banks		129 853	134 528
<u><b>Cash on hand</b></u>			
Total cash and cash equivalents		<u>1 047 420</u>	<u>497 667</u>
Total bank overdraft			
Unutilised Conditional Grants must be ring fenced and separately invested. This was not implemented and amounts invested at year end were insufficient to cover the value of unspent conditional grants , as indicated hereunder:			
Unutilised Conditional Grants		11 917 003	5 216 037
Amounts invested		269 853	274 528
Shortfall		<u>11 647 150</u>	<u>4 941 509</u>

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	Note	2012	2011
<b>2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>			
<b><u>Trade receivables</u></b> as at 30 June 2012	Gross Balances	Provision for Doubtful Debts	Net Balance
Service debtors			
Service debtors and other Rates	31 669 311 68 857 744	29 069 508 62 538 024	2 599 803 6 319 720
<b>Total</b>	<b>100 527 055</b>	<b>91 607 532</b>	<b>8 919 523</b>
<b><u>Other receivables</u></b> Other receivables			
<b>Total Trade and other receivables</b>	<b>100 527 055</b>	<b>91 607 532</b>	<b>8 919 523</b>
as at 30 June 2011			
Service debtors			
Service debtors	35 016 424	13 934 863	21 081 561
Rates	69 058 393	17 727 510	51 330 883
<b>Total</b>	<b>104 074 817</b>	<b>31 662 373</b>	<b>72 412 444</b>
<b><u>Other receivables</u></b> Other receivables			
<b>Total Trade and other receivables</b>	<b>104 074 817</b>	<b>31 662 373</b>	<b>72 412 444</b>
<b><u>Rates: Ageing</u></b>			
Current (0 – 30 days)	2 086 022	1 845 872	
31 - 60 Days	1 619 504	1 417 924	
61 - 90 Days	1 331 995	1 315 144	
91 - 120 Days	1 283 199	1 313 988	
121 Days and over	62 538 024	63 165 484	
<b>Total</b>	<b>68 857 744</b>	<b>69 058 392</b>	
<b><u>Electricity and other: Ageing</u></b>			
Current (0 – 30 days)	1 329 513	1 136 092	
31 - 60 Days	540 849	597 303	
61 - 90 Days	401 384	286 393	
91 - 120 Days	327 955	331 086	
121 Days and over	29 069 510	34 141 789	
<b>Total</b>	<b>31 669 311</b>	<b>36 492 663</b>	
<b>3 Reconciliation of the doubtful debt provision</b>			
Balance at beginning of the year	31 662 373	33 511 857	
Contributions to provision			
Adjustment for Debtors impairment	61 141 873.00		
Reversal of provision	(1 196 714)	(1 849 354)	
<b>Balance at end of year</b>	<b>91 607 532</b>	<b>31 662 503</b>	

The outstanding property rates balance included an amount of R 19 533 070 (2011 - R 17 727 510) in respect of the Ingonyama Trust Land. The recovery of these rates is uncertain and has been referred to Council to consider the write off thereof.

The provision for bad Debts relating to Rates , relates to the Land that was in the name of ITB , which is to be transferred back to the Municipality in terms the proclamation, therefore rates against these properties should have never been raised.

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	Note	2012	2011
Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2012, R 3 893 832- (2011: R 3 616 764-) were past due but not impaired.			
The ageing of amounts past due but not impaired is as follows:			
1 month past due	31-60	2 160 453	2 015 227
2 months past due	61-90	1 733 379	1 601 537
3 months past due		<u>3 893 832</u>	<u>3 616 764</u>

No government debts have been provided for in the above amount.

**Trade and other receivables impaired**

As of 30 June 2012, trade and other receivables of R 93 267 484 were impaired and provided for.

The ageing of these receivables is as follows:

Past due 3 months	1 658 950	1 645 074
Over 3 months past due	91 607 534	97 307 253
	<u>93 267 484</u>	<u>98 952 327</u>

The fair value of trade and other receivables approximates their carrying amounts.

**4 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

Other debtors	1 725 441	2 113 742
<b>Total Other Debtors</b>	<b>1 725 441</b>	<b>2 113 742</b>
Less: Provision for Doubtful Debts	1 256 290	1 256 290
	<u>469 151</u>	<u>857 452</u>

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	Note	2012	2011
<b>5 INVENTORIES</b>			
Consumable stores - at cost		1 222 024	1 486 308
Provision for write off		(245 014)	(205 108)
<b>Closing balance of inventories:</b>		<b>977 010</b>	<b>1 281 200</b>

**6 PREPAYMENTS**

Prepaid expenses	<u>279 244</u>
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In the prior year insurance relating to following financial year, were paid in the current year.

**7 INVESTMENTS**

<b>Financial instruments</b>	
Call deposits	<u>140 000</u>

The New Republic Bank went into liquidation and was placed under curatorship. The value of this investment was written down to its estimated net realisable value in previous years as recommended by the Liquidators. In the current year this investment has been written off.

**8 NON-CURRENT RECEIVABLES**

Car loans	<u>35 572</u>
Less : Current portion transferred to current receivables	<u>35 572</u>
Car loans	<u>(35 572)</u>
<b>Total</b>	<b><u>(35 572)</u></b>

**CAR LOANS**

These loans have been discontinued in accordance with the provisions of the MFMA. This balance related to an amount due by a former employee, and has subsequently been written off.

ULUNDI LOCAL MUNICIPALITY						
Annual Financial Statements						
NOTES TO THE FINANCIAL STATEMENTS						
for the year ended 30 June 2012						
9 PROPERTY, PLANT AND EQUIPMENT						
Reconciliation of Carrying Value						
	Buildings	Infrastructure	Community	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R
as at 1 July 2011	112,402,149	354,100,842	3,342,584	876,257	666,217	471,388,050
Cost/Revaluation	136,819,926	863,164,815	3,724,967	12,409,109	1,622,727	1,017,741,544
Accumulated depreciation and impairment losses	(24,417,777)	(509,063,973)	(382,383)	(11,532,852)	(956,510)	(546,353,494)
Useful life adjustment to accumulated Depreciation	10,937,413	221,023,300	3,074	3,400,226	-	235,364,012
Acquisitions	564,575	14,724,797		417,079		15,706,451
Capital under Construction	1,041,041	11,793,116				12,834,157
Depreciation	(8,254,993)	(146,682,187)	(207,332)	(1,554,051)	(208,636)	(156,907,199)
Revaluation adjustment to Value	(7,355,940)	(154,557,854)	(471,717)			(162,385,511)
Revaluation adjustment to Accumulated Depreciation	2,275,623	67,948,248	60,327			70,284,198
Carrying value of disposals	-	-	-	-	-	-
Cost/Revaluation				(951,078)		(951,078)
Accumulated depreciation and impairment losses				951,078		951,078
as at 30 June 2012	111,609,868	368,350,262	2,726,936	3,139,511	457,581	486,284,158
Cost/Revaluation	131,069,602	735,124,874	3,253,250	11,875,110	1,622,727	882,945,563
Accumulated depreciation and impairment losses	(19,459,734)	(366,774,612)	(526,314)	(8,735,599)	(1,165,146)	(396,661,405)
Refer to Appendix B for more detail on property, plant and equipment						
App B!A1						

**ULUNDI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Reconciliation of Carrying Value	Buildings	Infrastructure	Community	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R
<b>as at 1 July 2010</b>	<b>108,902,291</b>	<b>386,532,883</b>	<b>3,480,418</b>	<b>965,916</b>	<b>990,762</b>	<b>500,872,270</b>
Cost/Revaluation	128,114,311	835,102,802	3,679,913	12,173,477	1,622,727	980,693,230
Accumulated depreciation and impairment losses	(19,212,020)	(448,569,919)	(199,495)	(11,207,561)	(631,965)	(479,820,960)
Acquisitions	-	70,401	-	235,632		306,033
Capital under Construction	8,705,615	27,991,612	45,054			36,742,281
Depreciation	(5,205,757)	(60,94,054)	(182,888)	(325,291)	(324,545)	(66,532,534)
<b>as at 30 June 2011</b>	<b>112,402,149</b>	<b>354,100,842</b>	<b>3,342,584</b>	<b>876,257</b>	<b>666,217</b>	<b>471,388,050</b>
Cost/Revaluation	136,819,926	863,164,815	3,724,967	12,409,109	1,622,727	1,017,741,544
Accumulated depreciation and impairment losses	(24,417,777)	(509,063,973)	(382,383)	(11,532,852)	(956,510)	(546,353,494)

**ULUNDI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	Note	2012	2011
<b>10 INVESTMENT PROPERTY CARRIED AT FAIR VALUE</b>			
<b>Reconciliation of carrying value</b>			
as at the beginning of the financial year		244 149 000	244 449 000
Revaluation of vacant land			
Sales recognised during the year ending 30 June 2011		(781 000)	(300 000)
<b>as at 30 June 2012</b>		<b>243 368 000</b>	<b>244 149 000</b>

The full listing was revalued, and ownership verified by Professional Valuers, Municipal Valuer, Martin Fitchet, BPG Mass Appraisals, and it has been confirmed that the revalued investment properties under the ownership of Ulundi Municipality amounted to R 243368000 , the Market values of the current years finalised sales amounted to R 300,000

**ULUNDI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

Note                    2012                    2011

**11 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

	2012	2011
Trade creditors	34 601 453	21 102 718
Payments received in advance	3 724 519	7 464 058
Retention	1 572 017	3 825 629
Staff leave accrual	4 208 318	3 802 323
Deposits other	327 591	212 940
Land Sales Suspense	5 243 892	3 195 093
VAT accrual	2 651 280	3 189 446
Other payables	2 19 000	
<b>Total creditors</b>	<b>52 539 070</b>	<b>42 792 206</b>

The fair value of trade and other payables approximates their carrying amounts.

**12 CONSUMER DEPOSITS**

Electricity	1 485 904	1 369 288
<b>Total consumer deposits</b>	<b>1 485 904</b>	<b>1 369 288</b>

**13 VAT RECEIVABLE**

VAT receivable	4 109 736	3 368 742
	<b>4 109 736</b>	<b>3 368 742</b>

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

**14 PROVISIONS**

Performance bonus	666 544	635 408
<b>Total Provisions</b>	<b>666 544</b>	<b>635 408</b>

Performance bonuses for Section 57 Employees were provided for as outlined in the "Performance Regulations" promulgated by the Department of Provincial and Local Government on the 1st August 2006.

The movement in current provisions are reconciled as follows: -

as at 1 July 2011	635 408	380 356
Contributions to provision	31 138	275 052
<b>as at 30 June 2012</b>	<b>666 544</b>	<b>635 408</b>

**ULUNDI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Note	2012	2011
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**15 UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

Unspent Conditional Grants from other spheres of Government	11 917 003	5 216 037
<b>Total Unspent Conditional Grants and Receipts</b>	<b>11 917 003</b>	<b>5 216 037</b>

See Note 31 for reconciliation of grants and receipts.  
These amounts are invested in ring-fenced investment  
until utilized.

Notes 15-61 & 291

**16 ACCUMULATED SURPLUSES**

(Deficit) / Surplus for the year	(208 464 224)	(36 253 809)
Other accumulated surplus	50 122 225	448 283 500
	<u>258 586 450</u>	<u>412 029 691</u>
 Government Grant Reserve		
Balance as at 30 June 2011	-	108 696 972
Capital grants used to finance Property, Plant, and Equipment		
Offsetting of Depreciation		
Transferred to Accumulated Surplus	<u>(108 696 972)</u>	
Balance as at 30 June 2012	-	-
 Capitalisation Reserve		
Balance as at 30 June 2010	7 672 587	
Offsetting of Depreciation		
Transferred to Accumulated Surplus	<u>(7 672 587)</u>	
Balance as at 30 June 2011	-	

**ULUNDI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

Note	2012	2011
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**17 BORROWINGS**

Local Registered Stock Loans	540 420
Annuity Loans	540 420
DBSA	540 420
<b>Less : Current portion transferred to current liabilities</b>	<b>(540 420)</b>
Local Registered Stock Loans	(540 420)
DBSA	(540 420)
Other borrowings	(540 420)
<b>Total borrowings</b>	<b>-</b>

Refer to Appendix A for more detail on borrowings. [App A'1/A1](#)

Note	2012	2011
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**18 FINANCE LEASE LIABILITY**

<b>Amounts payable under finance leases</b>	
Within one year	285 948
Within two to five years	0
	<b>285 948</b>
	<b>555 979</b>

Refer to Appendix A for more detail on Finance leases [App A'1/A1](#)

**ULUNDI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	Note	2012	2011
<b>19 PROPERTY RATES</b>			
<b>Actual</b>			
Residential	5 936 633	6 502 373	
Commercial	5 076 052	4 554 708	
Agriculture	1 789 390	1 630 834	
Heavy Industries			
State	10 503 212	9 691 502	
<b>Total property rates</b>	<b>23 305 287</b>	<b>21 389 417</b>	
Rates Rebates	2 528 620	2 845 497	
	20 776 767	18 543 920	
Property rates - penalties imposed and collection charges	8 017 621	7 865 654	
<b>Total</b>	<b>28 794 388</b>	<b>26 409 574</b>	
<b>Valuations</b>			
Residential	515 589 000	522 186 001	
Commercial	252 874 000	238 357 010	
State	685 765 000	530 886 008	
Agricultural	611 422 000	687 886 502	
Non-Rateable	124 640 000	233 821 692	
Municipal			
<b>Total Property Valuations</b>	<b>2 190 290 000</b>	<b>2 190 747 211</b>	

Valuations on land and buildings are performed every four years. The latest valuation was completed on 1st January 2009, and came into effect on 1 July 2009.

A municipality must regularly, but at least once a year, update its valuation roll by causing-

- (a) a supplementary valuation roll to be prepared, if section 78 applies; or
- (b) the valuation roll to be amended, if section 79 applies.

**78 Supplementary valuations**

- (1) A municipality must, whenever necessary, cause a supplementary valuation to be made in respect of any rateable property-
  - (a) incorrectly omitted from the valuation roll;
  - (b) included in a municipality after the last general valuation;
  - (c) subdivided or consolidated after the last general valuation.

**ULUNDI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2012	2011
<b>20 SERVICE CHARGES</b>			
Sale of electricity		32 109 618	32 516 613
Refuse removal		4 679 556	4 525 350
Other		2 213 727	579 143
<b>Total Service Charges</b>		<b><u>39 002 891</u></b>	<b><u>37 621 008</u></b>
<b>21 RENTAL OF FACILITIES AND EQUIPMENT</b>			
Rental of facilities		692 010	386 616
Rental of equipment		-	-
Other rentals		-	-
<b>Total rentals</b>		<b><u>692 010</u></b>	<b><u>386 616</u></b>
<b>22 INTEREST EARNED - EXTERNAL INVESTMENTS</b>			
Bank		113 542	413 739
Financial assets		-	-
Other		-	-
<b>Total Interest</b>		<b><u>113 542</u></b>	<b><u>413 739</u></b>

**ULUNDI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

Note                    2012                    2011

**23 GOVERNMENT GRANTS AND SUBSIDIES**

Equitable share	68 274 000	56 600 644
Conditional Grants utilised	23 827 509	28 197 984
Other Government Grants and Subsidies		12 980
<b>Total Government Grant and Subsidies</b>	<b>92 101 509</b>	<b>84 810 628</b>

**23.1 Equitable Share**

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a 100 % monthly subsidy for rates which is funded from the grant.

68 274 000            56 600 644

**23.2 MIG Grant**

Balance unspent at beginning of year		(3)
Current year receipts	22 011 000	18 300 000
Debtor 2011		6 332 543
Conditions met - transferred to revenue	<u>Notes 15-61(A1)</u>	(20 522 167)
Conditions still to be met - remain liabilities		(24 632 540)
	<u>1 488 833</u>	<u>-</u>

**23.3 Other Government Grants and Subsidies**

Balance unspent at beginning of year	5 216 037	9 421 516
Current year receipts	10 674 962	9 176 039
Conditions met - transferred to revenue	<u>Notes 15-61(A1)</u>	(5 482 818)
Conditions still to be met - remain liabilities		(13 381 518)
	<u>10 426 171</u>	<u>5 216 036</u>

**ULUNDI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

Note	2012	2011
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**24 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS**

<b>Other income</b>		
Other income	<u>Notes 15-61(AE)</u>	312 728
VAT Recovery - Projects funded from Grant		3 125 491
Contribution shared services		3 693 927
<b>Total Other income</b>		<b><u>3 438 219</u></b>
		<b><u>4 380 298</u></b>

**25 EMPLOYEE RELATED COSTS**

Employee related costs - Salaries and Wages	36 742 086	34 453 684
Employee related costs - Contributions for UIF, pensions and medical aids	12 081 001	9 982 607
Travel, motor car, accommodation, subsistence and other allowances	3 926 669	3 072 771
Housing benefits and allowances	137 953	129 485
Overtime payments	1 145 747	930 990
Performance and other bonuses	2 701 980	-
Other employee related costs	1 731 748	2 028 231
<b>Employee Related Costs</b>	<b><u>58 467 193</u></b>	<b><u>58 597 768</u></b>

There were no advances to employees / Loans to employees are set out in note 3.

**Remuneration of the Municipal Manager**

Annual Remuneration	690 112	618 494
Performance- and other bonuses	64 687	124 266
Travel, motor car, accommodation, subsistence and other allowances	228 159	226 159
Contributions to UIF, Medical and Pension Funds	8 431	43 042
<b>Total</b>	<b><u>989 370</u></b>	<b><u>1 011 982</u></b>

**Remuneration of the Chief Finance Officer**

Annual Remuneration	606 840	463 883
Performance- and other bonuses	55 429	93 199
Travel, motor car, accommodation, subsistence and other allowances	88 009	90 509
Contributions to UIF, Medical and Pension Funds	1 497	117 418
<b>Total</b>	<b><u>751 778</u></b>	<b><u>764 990</u></b>

**Remuneration of the Manager Corporate Services**

Annual Remuneration	606 840	471 285
Performance- and other bonuses	55 429	93 199
Travel, motor car, accommodation, subsistence and other allowances	128 235	90 509
Contributions to UIF, Medical and Pension Funds	1 497	117 418
<b>Total</b>	<b><u>792 002</u></b>	<b><u>772 412</u></b>

**ULUNDI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2012	2011
Remuneration of Individual Executive Directors	Community Services	Protection Services	Technical Services
<b>2012</b>			
Annual Remuneration	482 431	606 840	535 190
Performance- and other bonuses	55 429	41 572	48 501
Travel, motor car, accommodation, subsistence and other allowances	207 918	88 009	157 500
Contributions to UIF, Medical and Pension Funds	1 497	1 497	1 497
<b>Total</b>	<b>747 276</b>	<b>737 918</b>	<b>742 688</b>
	Community Services	Protection Services	Technical Services
<b>2011</b>			
Annual Remuneration	463 863	463 863	504 388
Performance- and other bonuses	93 199	93 199	
Travel, motor car, accommodation, subsistence and other allowances	90 509	90 509	160 000
Contributions to UIF, Medical and Pension Funds	117 418	117 418	1 452
<b>Total</b>	<b>764 990</b>	<b>764 990</b>	<b>665 840</b>
<b>26 REMUNERATION OF COUNCILLORS</b>			
Executive Mayor		623 892	582 858
Speaker		482 231	532 685
Executive Committee Members		282 059	463 023
Councillors		1 541 785	1 054 028
Councillors' contributions Skills Development		7 603 480	6 468 389
Councillors' allowances			
<b>Total Councillors' Remuneration</b>		<b>10 443 449</b>	<b>8 080 984</b>
<b>In-kind Benefits</b>			
The Executive Mayor, Deputy Mayor, Speaker and Executive Committee Members are provided with an office and secretarial support at the cost of the Council.			
<b>27 DEPRECIATION AND AMORTISATION EXPENSE</b>			
Depreciation - Finance lease assets		208 636	324 545
Property, plant and equipment		156 698 563	66 207 989
<b>Total Depreciation and Amortisation</b>		<b>166 907 199</b>	<b>66 532 535</b>
<b>28 FINANCE COSTS</b>			
External interest		34 270	37 903
Finance lease interest		36 802	69 018
<b>Total Interest paid</b>		<b>71 072</b>	<b>106 921</b>
The interest paid amount as disclosed relates to accrued interest on the DBSA Loan.			
<b>29 BULK PURCHASES</b>			
Electricity		44 916 039	33 897 823
<b>Total Bulk Purchases</b>		<b>44 916 039</b>	<b>33 897 823</b>
<b>30 CONTRACTED SERVICES</b>			
Contracted services for:			
Hire of equipment		888 175.61	945 096
Hire of Vehicles		4 991 297.01	3 544 874
Professional fees		1 041 643.60	1 602 135
Private Security Service		5 108 634.44	2 768 839
Refuse Removal contracts		5 305 380.82	4 141 770
Software and licenses		2 191 312.73	804 610
Grant expenditure- MPRA		249 278.48	118 427
Grant expenditure - MIG		34 298.25	
Grant expenditure - MSIG		1 149 226.13	447 772
Grant expenditure - MAP			2 073 715
Grant expenditure - Formalise Unit M		560 000.00	
Grant expenditure - Corridor development		100 389.86	
Grant expenditure- Sector plan			56 010
		<b>20 717 637</b>	<b>16 503 250</b>

**ULUNDI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

	Note	2012	2011
<b>31 GENERAL EXPENSES</b>			
Included in general expenses are the following:-			
Accommodation		625 896	278 574
Advertising		205 414	316 897
Admin fees paid		560 735	
Admin fees recovered		(554 036)	
Ammunition		1 180	78 282
Arts and Culture		27 809	998
Audit fees - External		2 167 016	1 284 453
Audit fees - Internal		129 509	695 654
Bank charges		338 715	430 271
Cash handling fee		128 449	163 309
Cash shortages		1 866	800
Children holiday programme			859
Civic entertainment		8 919	
Commission : Sale pre-paid Electricity		631 096	420 660
Conference fees		31 758	26 865
Decorations			20 700
Delivery - Consumer accounts		73 438	80 646
Disaster relief		397 729	
Entertainment / Refreshments		342 742	497 277
Expendable tools		111 727	18 637
Fertilizer & Compost		2 482	53 571
Fixed asset register			350 000
Fuel and oil - machinery		35	36 249
Free basic Services - Electricity		573 182	188 086
Fruitless and wasteful expenses			67 589
Grant: FMG		1 408 790	1 085 877
Grant : LUMS		23 940	
Grant : MAP		50 000	
Grant : Skills Development		225 370	228 888
Grant: Tourism		87 928	
Hire of offices		51 973	84 746
HIV/AIDS Projects		96 763	299 012
Housing Grant Expenditure		44 500	
IDP projects		190 922	201 751
Indigent burials		937 341	1 009 389
Indigent relief		76 988	133 993
Insurance		286 375	541 372
Infrastructure Fixed asset project		62 578	
Legal expenses		439 384	314 361
LED projects		19 866	34 855
Library material		799	37 395
License fees		15 388	17 684
Local mayoral sports cup		560 104	460 691
Lost/Damaged library books			6 623
Mayoral functions		238 783	926 146
Medical examination fees		7 883	4 935
Membership fees		279 835	255 110
Official photographs		9 962	
Periodicals		1 495	7 437
Printing and stationery		1 203 222	1 281 951
Projects tourism		115 284	178 208
Programming		96	
Promotional material		131 519	148 864
Publicity		79 739	270 628
Quality Special projects/Grass cutting		51 071	378 540
Refuse bags		463 948	250 006
Refuse receptacles		568	
Repeater licence fee		36 886	
Small office equipment			97 170
Small tools		478	
Stamps and postage		8 084	12 232
Stocks and material		150 113	375 649
Stores shortages		39 906	143 028
Study aid - Staff		(25 212)	(29 306)
Sundries			118 006
Telephone cost		1 837 088	1 136 178
Training		238 650	221 172
Transport		1 869 181	1 392 476
Travel and subsistence		380 279	500 455
Trees and shrubs			14 481
Uniforms & overalls		628 952	145 550
Valuation costs		3 509	168 871
Ward committees		40 182	
Water charges		519 257	292 418
WCC		210 651	719 487
Weed killer programme		4 560	865
Weed killers and insecticides			
Youth Affairs		100 000	15 850
Other			
		19 118 391	18 499 181

**ULUNDI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2012	2011
<b>32 GAIN / (LOSS) ON SALE OF ASSETS</b>			
Investment property		125 614	199 642
Vehicles & Other Moveables		569 455	9 800
<b>Total Gain / (Loss) on Sale of Assets</b>		<b>695 069</b>	<b>209 642</b>
<b>33 CHANGE IN ACCOUNTING ESTIMATE</b>			
Reduction in the provision for doubtful debts		1 198 715	1 849 354
<b>Total</b>		<b>1 198 715</b>	<b>1 849 354</b>
<b>34 PROFIT / (LOSS) ON FAIR VALUE ADJUSTMENT</b>			
Investment property carried at fair value		-	-
<b>Total Profit / (Loss) on Fair Value Adjustment</b>		<b>-</b>	<b>-</b>
<b>35 CASH GENERATED BY OPERATIONS</b>			
(Deficit/ Surplus for the year		(208 464 224)	(36 253 809)
Adjustment for:-			
Prior year		(339 283)	
Depreciation and amortisation		156 907 199	65 532 535
(Gain) / loss on sale of assets		(1 476 069)	(209 642)
Doubtful debt provision written back		(1 198 714)	(1 849 354)
Contributions to provisions - current			
Housing grants received/ Expenditure			
Finance costs		71 072	37 903
Interest earned		(113 642)	(413 739)
Fair value adjustments		-	-
<b>Operating surplus before working capital changes:</b>		<b>(54 272 278)</b>	<b>27 504 610</b>
(Increase)/decrease in inventories		304 190	(229 957)
(Increase)/decrease in trade receivables		3 547 762	(3 675 519)
(Increase)/decrease in other receivables		36 572	(6 809 982)
(Increase)/decrease in prepayments		279 244	11 581
Adjustment to provisions - current		31 136	275 052
(Increase)/decrease in VAT receivable		(740 894)	(2 641 527)
increase/(decrease) in conditional grants and receipts		6 700 966	(4 205 477)
increase/(decrease) in trade payables		10 011 397	24 182 916
Other liability			
<b>Cash generated by/(utilised in) operations</b>		<b>(34 103 005)</b>	<b>34 421 687</b>
<b>36 CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents included in the cash flow statement comprise the following:			
Bank balances and cash		1 047 420	497 667
Bank overdrafts		-	-
<b>Net cash and cash equivalents (net of bank overdrafts)</b>		<b>1 047 420</b>	<b>497 667</b>

**ULUNDI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

Note	2012	2011
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**UNAUTHORISED, IRREGULAR, FRUITLESS AND  
37 WASTEFUL EXPENDITURE DISALLOWED**

**37.1 Fruitless and wasteful expenditure**

Reconciliation of unauthorised fruitless and wasteful expenditure

Opening balance	7 840 961	7 676 126
Unauthorised fruitless and wasteful expenditure current year	917 798	164 835
Approved by Council or condoned		
Transfer to receivables for recovery		
Unauthorised fruitless and wasteful expenditure awaiting authorisation	<u>8 758 759</u>	<u>7 840 961</u>

**37.2 Irregular expenditure**

Reconciliation of irregular expenditure

Opening balance		
Irregular expenditure current year		
Condoned or written off by Council		943 311
Transfer to receivables for recovery - not condoned		
Irregular expenditure awaiting condonement	<u>-</u>	<u>943 311</u>

**37.3 Unauthorised expenditure**

Reconciliation of unauthorised expenditure

Opening balance	4 362 887	
Unauthorised expenditure current year		
Depreciation		
Bulk purchases		2 906 123
Employee Costs	3 143 009	
Contracted services		1 456 784
Approved by Council or condoned		
Transfer to receivables for recovery		
Unauthorised expenditure awaiting authorisation	<u>7 505 896</u>	<u>4 362 887</u>

**ADDITIONAL DISCLOSURES IN TERMS OF  
38 MUNICIPAL FINANCE MANAGEMENT ACT**

**38.1 Contributions to organised local government**

Opening balance		
Council subscriptions	(279 244)	(255 110)
Amount paid - current	279 244	255 110
Amount paid - previous years		
<b>Balance unpaid (included in payables)</b>	<u>-</u>	<u>-</u>

**38.2 Audit fees**

Opening balance	(2 167 016)	(1 284 453)
Current year audit fee		
Amount paid - current year	2 187 016	1 284 453
Amount paid - previous years		
<b>Balance unpaid (included in payables)</b>	<u>-</u>	<u>-</u>

**38.3 VAT**

Opening balance	3 368 742	727 215
VAT due to SARS : Letter of Assessment - 2007 and 2008 periods		(339 283)
Revised opening balance		387 932
Current year output vat	(5 650 287)	(5 236 396)
Current year input vat	15 465 474	13 504 079
Amount paid current year	117 630	
Amount refunded by SARS - current	(9 192 023)	(5 286 874)
<b>Amount due by SARS</b>	<u>4 109 736</u>	<u>3 368 742</u>

VAT receivables and payables are shown in note 12. All VAT returns have been submitted by the due date throughout the year.

**38.4 PAYE and UIF**

Opening balance		
Current year payroll deductions	8 423 800	6 331 640
Amount paid - current year	(8 423 800)	(6 331 640)
Amount paid - previous years		
<b>Balance unpaid (included in payables)</b>	<u>0</u>	<u>0</u>

**ULUNDI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

Note                    2012                    2011

**38.5 Pension and Medical Aid Deductions**

	2012	2011
Opening balance		
Current year payroll deductions and Council Contributions	17 437 110	15 692 156
Amount paid - current year	(17 437 110)	(15 692 156)
Amount paid - previous years		
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>(0)</b>

**38.6 Councillor's arrear consumer accounts**

	Total	Outstanding less than 90 days	Outstanding more than 90 days
The following Councillors had arrear accounts outstanding for more than 90 days as at:-			
as at 30 June 2012			
F L Buthelezi	8 709	8 709	8 709
<b>Total Councillor Arrear Consumer Accounts</b>	<b>8 709</b>	<b>-</b>	<b>8 709</b>

**ULUNDI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

Note                    2012                    2011

**39 CAPITAL COMMITMENTS**

**39.1 Commitments in respect of capital expenditure**

- Approved and contracted for	34 762 000	30 010 053
Infrastructure	26 782 000	22 010 053
Community	8 000 000	8 000 000
Heritage		
Other		
 - Approved but not yet contracted for		
Infrastructure	1 195 914	2 231 898
Community		
Heritage		
Other	1 195 914	2 231 898
 <b>Total</b>	<b>35 957 914</b>	<b>32 241 861</b>

This expenditure will be financed from:

- External Loans	34 762 000	30 010 053
- Government Grants	1 195 914	2 231 898
- Own resources		
- District Council Grants		

**39.2 Operating leases**

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

**Operating leases - lessee**

Within one year	2 975 655
Greater than one year	2 688 789
 <b>Total</b>	<b>5 664 444</b>

Operating Leases consists of the following:  
Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable

ULUNDI LOCAL MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2012

Note 2012 2011

**40 PENSION FUND INFORMATION**

**40.1 Defined contribution plan**

Certain Councillors and employees belong to defined benefit retirement funds administered by the Natal Joint Municipal Pension Fund. These funds are subject to a triennial actuarial valuation. The last valuation was performed in 2009.

**41.2 Retirement Fund**

The Fund's Actuary confirmed that, at the valuation date,  
- the Memorandum account was fully funded

- the Fund's liabilities for members exceeded the value of the assets, however, it was anticipated that the surcharge of 17 % of pensionable salaries, which currently applies, will enable the shortfall to be eliminated by July 2010.

**CERTIFICATE AS ISSUED BY VALUATOR ACTUARY**

*We have reconciled the valuation data with the financial statements and performed a number of reasonableness tests to verify the correctness of the data. I am satisfied with the accuracy of the data for purposes of this valuation.*

*I am satisfied that the asset composition on the valuation date is appropriate to the nature of the liabilities.*

*The Fund self-insures its risk benefits. The lump sum element of these benefits is relatively small, with the major element comprising of annuity payments. I am satisfied that the self-reinsurance arrangement is appropriate for the Fund.*

*At the valuation date:*

*The Memorandum Account in respect of pensioners was fully funded;*

*Based on the valuation assumptions that applied in 2000, the Fund was fully funded.*

*However, based on the revised assumptions, the Fund's liabilities for the Members exceeded the value of the assets and an extension of the surcharge for another 5 years will be necessary to return the funding level of the Fund to 100%.*

*The position will be reviewed at the next interim valuation of the Fund as at 31 March 2010.*

**AR ELS (FASSA FIA) S HEYNEKE (FASSA FIA)**

**VALUATOR ACTUARY**

*In my capacity as valuator to the Fund and as an in my capacity as actuary and as an employee of Arthur Els & Associates employee of Arthur Els & Associates  
02-Dec-09*

**ULUNDI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

Note	2012	2011
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**41 CONTINGENT LIABILITY**

**41.1 Claim for damages**

The following matters are currently on the roll of the high court and as at balance sheet date the following amounts represent possible liabilities, they are an estimate from the Municipality's attorneys.

D.N. Nzimande on behalf of S.E. Nzimande vs Ulundi Municipality	6 000 000	2 300 000
G.M. Zondo on behalf of L.Z. Zondo vs Ulundi Municipality	3 000 000	100 000

The Municipality is being sued by these ratepayers for damages arising from incidents relating to electric shock injuries sustained.

9 000 000	2 400 000
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This matter will be arbitrated upon. It has not reached the arena of court. The current amount being claimed, for services rendered is in the region of R540 000-00. It is for the services of speed cameras and equipment supplied to Ulundi.

Municipality is being sued. The basis of the action is that the Municipality failed to take delivery of motor vehicles that they ordered in terms of a tender process. The Municipality is alleging that the motor vehicles were returned, after the service provider failed to adhere to the specifications and a notice of cancellation was given.

11 000 000

The arbitrator will find that the Municipality will have to pay the full amount outstanding together with costs. This will be estimated to be R500 000-00. (the claim plus costs)

500 000	600 000
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20 500 000	3 000 000
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**42 RELATED PARTIES**

Compensation paid to members of key management

.....	.....
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Compensation paid to councillors

.....	.....
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There were no related party transactions during the 2010/2011 financial year.

**ULUNDI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

Note	2012	2011
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**43 EVENTS AFTER THE REPORTING DATE**

There have been no events after the reporting date that require disclosure.

**44 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS**

No areas have involved a significant degree of estimation, uncertainty or judgements made by management in applying the municipalities accounting policies and that have a material and significant effect on the amounts recognised in the financial statements.

**45 DISTRIBUTION LOSSES**

The municipality incurred distribution losses on Electricity amounting to approximately 34 255 007.70 units for the year ending 30 June 2012, this loss amounted to approximately . These losses are calculated as the difference between power supplies purchased and sales recorded.

Number of consumers ( Residential and Commercial)

Units purchased ( kwh)	79 267 728	75 574 919
Units sold ( total)	44 012 720	44 749 682
Units lost in distribution	34 255 008	30 826 237
% Lost in distribution	43.21%	40.79%
Average Cost per unit purchased	R 0.4486	R 0.4486
<b>TOTAL COST OF DISTRIBUTION LOSSES</b>	<b>R 15 386 796</b>	<b>R 13 829 513</b>

**46 RISK MANAGEMENT**

**46.1 Maximum credit risk exposure**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or consumer contract, leading to financial loss. The municipality is exposed to credit risk from its operating activities (primarily for trade receivables).

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control ass

100 527 055	105 551 055
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Credit risk from balances with banks and financial institutions is managed by the municipality's finance and management committee in accordance with the municipality's policy. Investments of surplus funds are made only with approved counterparties and with

Counterparty credit facilities are reviewed by MANCO on an annual basis, and may be updated throughout the year subject to approval by EXCO.

Financial assets exposed to credit risk at year end were as follows:

First National Bank Call Investments	129 853	134 528
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These balances represent the maximum exposure to credit risk.

**ULUNDI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

Note                    2012                    2011

**46.2 Liquidity risk**

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

**46.3 GOING CONCERN**

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least 12 months.

Immediate indication of going concern problems include: Cash book overdraft; Unspent conditional grants and consumer deposits not cash backed; disclosed operating deficit; and over spend on budget.

The physical bank account never went into overdraft, the unpresented cheques, were subsequently covered by deposits.

As disclosed in note 1, the unspent grants and consumer deposits were not cash backed. The main reason for this was due to collection challenges experienced with a number of major clients, and legal proceedings have been commenced on collection.

Unspent Grants balance	11 917 002	5 216 036
Consumer Deposits - Electricity	1 485 904	1 369 288
	<hr style="border: 0.5px solid black; border-top: none; border-bottom: none; border-left: none; border-right: none; margin-bottom: 2px;"/>	<hr style="border: 0.5px solid black; border-top: none; border-bottom: none; border-left: none; border-right: none; margin-bottom: 2px;"/>
	<hr style="border: 0.5px solid black; border-top: none; border-bottom: none; border-left: none; border-right: none; margin-bottom: 2px;"/>	<hr style="border: 0.5px solid black; border-top: none; border-bottom: none; border-left: none; border-right: none; margin-bottom: 2px;"/>
	<hr style="border: 0.5px solid black; border-top: none; border-bottom: none; border-left: none; border-right: none; margin-bottom: 2px;"/>	<hr style="border: 0.5px solid black; border-top: none; border-bottom: none; border-left: none; border-right: none; margin-bottom: 2px;"/>
	<hr style="border: 0.5px solid black; border-top: none; border-bottom: none; border-left: none; border-right: none; margin-bottom: 2px;"/>	<hr style="border: 0.5px solid black; border-top: none; border-bottom: none; border-left: none; border-right: none; margin-bottom: 2px;"/>

The municipality has adopted a cash flow turnaround strategy which included amongst other things:

Development and implementation of a cash flow management policy, which includes the creation of a cash flow management committee, chaired by the municipal manager, this committee sits every Friday of each week. The mayor and deputy also sits in this committee for oversight.

The municipality has engaged the ITC Transumion to assist with the cleansing of debtors and updating contact details of the debtors. This will assist in arriving at a reliable provision for bad debts.

The municipality has also centralised expenditure prioritisation to the cash flow management committee where upon the expenditure is scrutinised before it is incurred.

The municipality has also established an adhoc electricity disconnections and meter auditing committee, chaired by the deputy CFO, this committee sits every Monday. This is done to enhance revenue collection and additional six meter auditors including the liaison officer has been appointed to fast track the disconnections and meter auditing.

The municipality has appointed an expert in electrical engineering to investigate the commercial conventional meters in the CBD areas. This will address the standardisation of the types of meters installed and ensure that the meters billed correctly.

The municipality is in negotiation with ESKOM with a view to transfer industrial customers to the municipality with a view to enhance municipal revenue.

NERSA has approved that the municipality charges low and high demand charges to its commercial customers which going to reduce the seasonal high demand charge by ESKOM, however the timing difference between the start of our financial year and that of ESKOM still remains a challenge.

**46.4 Interest rate risk**

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

**47 COMPARISON WITH THE BUDGET**

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2)

**ULUNDI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

	Note	2012	2011
<b>Correction of prior period error</b>			
<b>48 Financial Statements</b>			
During the current financial year, the Municipality corrected errors in the previous year's financial statements. The comparative amounts have been appropriately restated as follows:			
<b>Statement of Financial Performance</b>			
Employee related costs previously disclosed		50 597 768	
Adjustment - these costs previously understated		-492 272	
Revised employee related costs		<u>51 090 040</u>	
Government grants and subsidies previously disclosed		91 143 172	
Adjustment - MiG overstated		-6 332 543	
Revised Government Grants and Subsidies		<u>84 810 629</u>	
<b>Statement of Financial Position</b>			
Other receivables from non-exchange transactions - previously disclosed		7 882 267	
Adjustment - employee related costs previously included under receivables		-492 272	
Adjustment - MiG overstated		-6 332 543	
Revised - Other receivables from non-exchange transactions		<u>657 452</u>	
Accumulated Surplus - previously disclosed		412 029 688	
Adjustment - employee costs previously understated		-492 272	
Adjustment - MiG overstated		-6 332 543	
		<u>405 204 873</u>	

**ULUNDI LOCAL MUNICIPALITY**  
**APPENDIX A**  
**SCHEDULE OF EXTERNAL LOANS**  
as at 30 June 2012

EXTERNAL LOANS	Balance at 30 June 2011	Redeemed / written off during the period	Capital Balance at 30 June 2012	
<b>LONG-TERM LOANS</b>				
Development Bank	540 420		540 420	
<b>TOTAL EXTERNAL LOANS</b>	<b>540 420</b>		<b>540 420</b>	
<hr/>				
<b>FINANCE LEASE LIABILITY</b>				
Capital Balance 30 June 2011		Capital reduction during the year	Interest paid for the year	Capital Balance at 30 June 2012
NKU 3923	50 975	29 667	3 384	21 308
NKU 3495	15 396	15 396	290	0
NKU 3570	99 111	33 828	7 418	65 283
NKU 4383	70 248	40 883	4 663	29 365
NKU 4716	207 090	57 422	16 308	149 668
NKU 4250	58 337	38 013	3 708	20 324
NKU 1238	12 015	12 015	226	0
NKU 2580	12 015	12 015	226	0
NKU 3718	15 396	15 396	290	0
NKU 3719	15 396	15 396	290	0
<b>TOTAL</b>	<b>555 979</b>		<b>270 031</b>	<b>36 802</b>
				<b>285 948</b>

## ULUNDI LOCAL MUNICIPALITY

## APPENDIX B

## ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

as at 30 June 2012

	Opening Balance	Revaluation Adjustment	Cost Revaluation			Accumulated Depreciation			Carrying Value
			Additions R	Disposals R	Under Construction R	Closing Balance R	Opening Balance R	Depreciation R	
<b>Buildings</b>									
Interest-free	346 617 812	0.245 849	564 056		1 061 041	150 381 455	(13 386 310)	2 751 623	(8 254 985)
Long-term Assets & Prepaid Expenses	606 462 241	(141 390 225)	3 214 225		11 783 116	561 866 217	224 769 740	92 381 340	(123 329 230)
Equipment, Tools, Tools & Equipment	107 567 393	(13 170 720)	3 710 614		162 767 722	86 232	50 376 375	11 956 556	(58 989)
Stock	212 250	(2 095)			23 162	45 320	5 815 912	128 215 850	(8 484 267)
Sum Total	938 884				36 510	73 867	5 324	19 460	(52 081)
Other Capital Work	693 094 416	(154 567 654)	14 723 077		11 783 116	705 054 474	(291 910 273)	97 946 248	(146 882 182)
Community Assets	3 724 867	(471 717)			3 183 265	(574 362)	80 387	(207 332)	(565 314)
Other Assets	3 724 867	(471 717)			3 455 256	(579 369)	80 387	(207 332)	(626 214)
Office Equipment	1 893 578		7 416		(23 931)	1 886 673	(157 995)	482 850	21 055
Furniture & Fixtures and Consumables	3 672 377	12 030	(596 316)		3 567 561	(2 062 310)	(768 357)	668 316	(2 365 343)
Motor Vehicles	3 276 890	(493 310)			2 177 766	(3 861 650)	(240)	469 011	(2 400 850)
Trade Receivables	3 004 275				3 086 064	(1 865 709)	(259 614)	1 219 720	1079 914
Computer Equipment	213 977				144				144
Other Assets									
Finance Lease Assets	11 066 952		41 222	(61 070)	11 333 767	(7 591 590)		(1 564 061)	351 078
Other Equipment	1 582 237				1 582 237	(855 510)		(208 550)	(1 155 450)
Other Assets	1 672 727				1 582 237	(856 510)		(209 550)	(1 155 450)
<b>Total</b>	1 916 916 935	(162 395 611)	15 785 457	(661 070)	12 834 457	882 150 861	(316 164 571)	70 494 158	(166 907 591)

## BLUNDI LOCAL MUNICIPALITY

## APPENDIX B

## ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

As at 30 June 2015

	Open / Retention		Disposals		Opening Balance		Dispositions		Depreciation		Closing Balance		Revaluation / Depreciation
	R	R	R	R	R	R	R	R	R	R	R	R	
<b>Buildings</b>	128 142 311				9 705 815	128 319 326			(19 212 000)	(6 205 757)			(24 177 771)
<b>Buildings - 177 207</b>					19 205 394		865 462 241	(544 461 381)		(51 970 922)			(385 092 613)
<b>Investments</b>					6 708 570	117 328 160	(103 552 860)		(6 563 709)				(112 177 771)
<b>Shares</b>	144 177 207				242 320	(128 912)							112 106 513
<b>Investment Held at Cost</b>					31 364	(3 978)							112 106 513
<b>Investment Held at Fair Value</b>													112 106 513
<b>Land</b>	105 162 692				27 901 812	663 162 815	(446 260 816)						112 106 513
<b>Land - 105 162 692</b>					37 054	3 729 867	(160 460)						112 106 513
<b>Community Assets</b>	3 672 910												3 342 884
<b>Commons</b>						45 054	3 724 867	(191 485)					(352 353)
<b>Office Assets</b>													3 342 884
<b>Office Equipment</b>													(352 353)
<b>Furniture &amp; Fixtures</b>	2 161 891				158 448	2 369 438	(1 384 630)						321 333
<b>Furniture and Fixtures</b>													321 333
<b>Office Equipment</b>													321 333
<b>Motor Vehicles</b>	3 276 890				49 008	3 691 734	(1 370 531)						321 333
<b>Motor Vehicles - 3 276 890</b>						3 276 890	(3 276 890)						321 333
<b>Fleet Vehicles</b>													321 333
<b>Office Equipment - 3 276 890</b>													321 333
<b>Computer Equipment</b>													321 333
<b>Other Assets</b>													321 333
<b>Finance Lease Assets</b>													321 333
<b>Office Equipment - 3 276 890</b>													321 333
<b>Other Equipment</b>													321 333
<b>Other Assets</b>													321 333
<b>Finance Lease Assets - 3 276 890</b>													321 333
<b>Office Equipment - 3 276 890</b>													321 333
<b>Other Assets - 3 276 890</b>													321 333
<b>Total</b>	571 070 953		36 628			36 742 261	1 017 241 564	(473 186 986)		(65 207 289)			(471 385 059)

ULUNDI LOCAL MUNICIPALITY

APPENDIX C SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

as at 30 June 2012

	Opening Balance	Cost / Revaluation			Revaluation adjustment	Opening Balance	Revaluation adjustment	Accumulated Depreciation	Disposals	Closing Balance	Carrying value
		Revaluation adjustment	Additions	Under Construction							
Executive & Council	598 300 970	(\$9 074 262)	18 625 284	329 457	518 181 359	104 966 041	(25 112 348)	119 044 486		198 838 179	319 343 180
Finance & Admin	4 346 617	(9 973)	236 309		4 572 953	3 653 514	(7 103)	249 740		3 896 140	676 813
Community & Social Services	98 628 842	(6 764 390)	4 498 884	(526 316)	95 897 000	22 619 053	(4 817 767)	3 686 793	(526 316)	21 161 824	74 725 176
Public Safety	75 813	122 940			197 813	75 788		21 973		97 773	100 040
Waste Management	99 082				98 062	98 906		144		99 060	32
Road Transport	267 728 468	(64 607 588)	11 270 899	11 975 171	(400 911)	225 985 639	176 196 428	(46 044 840)	17 558 989	(400 911)	147 398 667
Electricity	11 217 013	8 000 101	17 417 253			36 624 367	1 845 406	5 697 799	765 010		8 308 215
Other	1 168 776					597 426			15 582 073	(23 851)	16 156 847
<b>Total</b>	<b>981 625 581</b>	<b>(162 456 613)</b>	<b>62 170 620</b>	<b>12 304 628</b>	<b>(651 078)</b>	<b>892 693 138</b>	<b>310 194 571</b>	<b>(70 284 186)</b>	<b>168 807 199</b>	<b>(951 078)</b>	<b>385 895 494</b>

**ULUNDI LOCAL MUNICIPALITY**  
**APPENDIX D**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 30 June 2012

2011			2011			2012		
Actual Income	Actual Expenditure	Surplus / (Deficit)	Actual Income	Actual Expenditure	Surplus / (Deficit)			
R'000	R'000	R'000	R'000	R'000	R'000			
43 303 789	31 343 689	11 960 100	Executive & Council	32 451 032	39 722 676	(7 271 643)		
76 357 485	11 645 365	64 712 100	Finance & Admin	92 667 813	18 580 826	74 086 987		
1 014 777	4 287 661	(3 272 884)	Planning & Development	1 503 826	3 654 578	(2 150 752)		
			- Health					
37 975	6 709 614	(6 671 639)	Community & Social Services	1 290 010	7 304 526	(6 014 516)		
2 316 108	11 291 985	(8 975 877)	Public Safety	3 664 498	15 126 585	(11 462 087)		
75 444	5 226 135	(5 150 691)	Sport & Recreation	92 716	3 941 033	(3 848 317)		
	457 169	(457 169)	Environmental Protection		520 489	(520 489)		
4 525 350	4 564 804	(39 454)	Waste Management	4 879 556	7 303 680	(2 824 124)		
	68 056 973	(68 056 973)	Road Transport		67 168 077	(67 168 077)		
35 248 527	49 506 044	(14 257 517)	Housing	44 500	44 500	-		
	6 103 326	(6 103 326)	Electricity	32 109 618	63 493 015	(31 383 397)		
			Other		1 691 822	(1 691 822)		
<b>162 879 435</b>	<b>199 192 767</b>	<b>(36 313 332)</b>	<b>Total</b>	<b>168 503 569</b>	<b>228 551 806</b>	<b>(60 048 237)</b>		
Less: Inter-Department Charges								
<b>162 879 435</b>	<b>199 192 767</b>	<b>(36 313 332)</b>	<b>Total</b>	<b>168 503 569</b>	<b>228 551 806</b>	<b>(60 048 237)</b>		

**Ulundti Municipality**  
**APPENDIX E (1)**

**ACTUAL VERSUS BUDGET ( REVENUE AND EXPENDITURE ) FOR THE YEAR ENDED 30 JUNE 2012**

	2012						Explanation of significant variances greater than 10 % versus budget
	Original Budget R	Approved adjustment budget	Revised Budget	Actual R	Variance R	Variance %	
<b>REVENUE</b>							
Property rates	16 830 000	-6 100 000	11 730 000	20 776 767	9 046 767	77%	
Rates penalties and collection charges	900 000	0	900 000	7 117 621	7 117 621	791%	
Service charges	63 019 500	0	63 019 500	39 002 801	(24 016 599)	-38%	
Rental of facilities and equipment	710 000	0	710 000	692 010	(17 990)	-3%	
Interest earned - external investments				113 542	113 542		
Fines	7 802 500	-2 600 000	5 302 500	1 383 471	(3 919 029)	-74%	
Licences and permits				2 282 460	2 282 460		
Government grants and subsidies	101 313 000	0	101 313 000	92 101 508	(9 211 491)	-9%	
Other income				3 438 219	3 173 688		
Gain on disposal of property, plant and equipment	3 700 000	0	3 700 000	695 068	(3 004 931)	-81%	
<b>Total Revenue</b>	<b>194 375 000</b>	<b>[7 700 000]</b>	<b>186 675 000</b>	<b>168 503 569</b>	<b>(18 435 964)</b>	<b>-10%</b>	
<b>EXPENDITURE</b>							
Employee related costs	55 439 817	-116 333	55 324 184	58 467 193	3 143 009	6%	
Remuneration of Councillors	10 212 956	0	10 212 956	10 443 449	230 483	2%	
Bad Debts write off				224 475	224 475		
Provision for Bad debts				81 141 873			
Depreciation				156 907 199	156 307 199		
Repairs and maintenance	8 168 450	1 339 000	9 507 450	5 672 567	(3 834 883)	-40%	
Interest paid				71 072	71 072		
Bulk purchases	35 650 000	12 000 000	47 650 000	44 818 039	(2 733 961)	-6%	
Contracted services	47 063 048	-3 836 353	43 228 685	20 518 455	(22 706 240)	-53%	
General expenses	35 489 217	-6 224 342	29 264 875	19 802 186	(9 462 689)	-52%	
<b>Total Expenditure</b>	<b>192 023 188</b>	<b>3 162 972</b>	<b>186 186 180</b>	<b>178 184 508</b>	<b>121 838 475</b>	<b>62%</b>	
<b>Surplus (Deficit) for the year</b>	<b>2 351 812</b>	<b>(10 862 972)</b>	<b>(8 511 160)</b>	<b>(209 660 939)</b>	<b>(140 272 439)</b>		
Change in Accounting Estimate				1 198 715			
<b>Adjusted Surplus( Deficit) for the period</b>	<b>2 351 812</b>			<b>(208 464 224)</b>			





**Ulundı Municipality**

**APPENDIX E (2)**

**ACTUAL VERSUS BUDGET(ACQUISITION OF PROPERTY,PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2012**

	2011				
	Additions R	Under Construction R	Total Additions R	Budgeted Additions R	Variance
<b>Buildings</b>	564 462	711 583	1 276 045	720 039	556 006
<b>Infrastructure</b>					
Roads	6 014 123		6 014 123		
Electrical Infrastructures	8 710 674	11 793 116	20 503 790	21 290 961	(15 276 838)
Cemeteries				8 000 000	12 603 790
	14 724 797	11 793 116	26 517 913	29 290 961	(2 773 048)
<b>Community Assets</b>					
Recreational facilities	-		-		-
Tourism Hub	-	-	-		-
Production Centre	-	-	-		-
	-	-	-	-	-
<b>Other Assets</b>					
Furniture and fittings	62 207		62 207		62 207
Security equipment	122 000		122 000		122 000
Computer Equipment	215 377		215 377		215 377
Machinery and equipment			-		-
Vehicles			-		-
	399 584	-	399 584	2 231 808	(1 832 224)
<b>Total</b>	<b>15 688 843</b>	<b>12 504 699</b>	<b>28 193 542</b>	<b>32 242 808</b>	<b>(4 049 266)</b>

**APPENDIX F**  
**ULUNDI MUNICIPALITY: DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA ACT 56 OF 2003**  
**FOR THE YEAR ENDED 30 JUNE 2012**

Description	Unspent balance at 30 June 2011		Adjustment		Received 2011/2012		Expenditure 2011/2012		Transfer 2011/2012		Unspent balance at 30 June 2012		Grants delayed/ withheld	Reason for delaying/ withholding funds	Compliance with grant conditions
	R	R	R	R	R	R	R	R	R	R	R	R			
NER Electricity	0	0										0	N/A	YES	YES
Indigent Support	50 000	50 000										0	N/A	YES	YES
Management Assistance Program	189 053	174 952										138 635	N/A	YES	YES
Skills Development	0	1 450 000										0	N/A	YES	YES
Finance Management	191 559	50 000										191 559	N/A	YES	YES
Development Planning	154 509	50 000										116 582	N/A	YES	YES
Tourism	181 737											181 737	N/A	YES	YES
Sector plan	72 117											48 177	N/A	YES	YES
LUMS	36 172											36 172	N/A	YES	YES
Housing plan	8 474											8 474	N/A	YES	YES
Anti corruption	5 461											5 461	N/A	YES	YES
Library equipment	104 513											104 513	N/A	YES	YES
MFMA implementation	15 934											15 934	N/A	YES	YES
Dev inform. System (GIS )	63 780											63 780	N/A	YES	YES
Inter dept. monitoring	197 680											0	N/A	YES	YES
MSIG	4 362											0	N/A	YES	YES
Strategic planning	0											4 362	N/A	YES	YES
Community development workers	125 000											0	N/A	YES	YES
MDIS support	42 864											125 000	N/A	YES	YES
Performance Management	80 000											42 864	N/A	YES	YES
MDPCB	234 500											80 000	N/A	YES	YES
Capacity building	0											234 500	N/A	YES	YES
Validation roll	29 698											0	N/A	YES	YES
Human resources policies	0											28 698	N/A	YES	YES
Govt. structures and human resources	0											0	N/A	YES	YES
MG	0											1 488 833	N/A	YES	YES
Investment Plan	200 000											200 000	N/A	YES	YES
Unit M	560 000											0	N/A	YES	YES
REDS	150 000											150 000	N/A	YES	YES
H V Cable Tester	460											460	N/A	YES	YES
Basic bookkeeping training	1 212											1 212	N/A	YES	YES
Parallel feeders	-492											-492	N/A	YES	YES
Sportsfields	77 036											77 036	N/A	YES	YES
ZDM corridor development	635 965											635 965	N/A	YES	YES
Electricity supply to households	401 427											8 010 547	N/A	YES	YES
Implementation of municipal governance	26 384											26 384	N/A	YES	YES
Taxi Rank	950 080											950 080	0	YES	YES
Arts and Culture	382 051											382 051	0	YES	YES
Housing - Ekushumayeleni	44 500											44 500	0	0	0
	<b>£ 216 035</b>											<b>25 984 985</b>	<b>0</b>	<b>0</b>	<b>11 917 002</b>